

SAL. OPPENHEIM

aleo solar

Renewable Energies

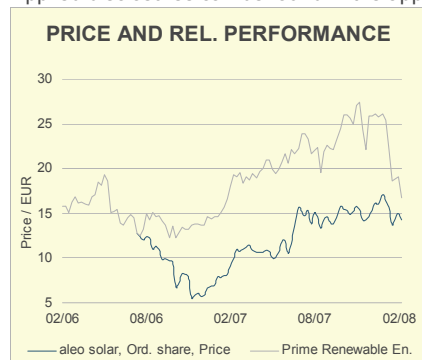
2008-02-11

Applied disclosures can be found in the appendix

Buy (Neutral)

Fair Value EUR17.00

Price EUR14.30 (Closing price as of 2008-02-08)



12 month high/low €	17.30/9.73
Rel.%	1m 25.9 3m 49.4 12m 61.6
Abs.%	1m -13.9 3m -10.6 12m 44.7

MARKET DATA

Reuters	AS1Gn.DE
Bloomberg	AS1 GR
Market cap EURbn	0.2
Number of shares m	13.0
Free float %	61.6
Daily turnover shares	61,701

NEXT EVENTS

Full year results	2008-03-27
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Rel. Sector

INCREASE IN ESTIMATES FOR 2008/09 – UPGRADE TO BUY

aleo solar released strong preliminary result for 2007. The company is currently in the process of enhancing its module production to increase automation. Furthermore, the company constantly broadens its number of cell suppliers and is likely to increase sourcing for 2008 and beyond. Consequently, aleo increased its sale guidance for 2008 and 2009. Pricing in higher sales volume for 2008 and 2009, we increase our fair value by €1 to €17. Our new fair value offers an upside of some 17% to the current share price. We thus upgrade the stock to buy.

STRONG PRELIMINARY 2007 RESULTS

Today, aleo solar released strong preliminary results for 2007. Sales came in at €242.1m (SOPE: €215.2m) and EBIT at €15.7m (SOPE: €14.5).

INCREASE IN GUIDANCE FOR 2008 AND 2009

The company increased its guidance for 2008 (sales of at least €330m, SOPE: €282m) and 2009 (sales of at least €380m, SOPE: 330.4m). In 2008, aleo expects to generate some 40% of sales from abroad. Moreover, the management is forecasting a continued solid EBIT margin (6-7%, according to aleo's definition).

SOURCING SITUATION STRONGER THAN EXPECTED

Obviously, aleo's sourcing situation for 2008 and 2009 is better than we have expected so far. We increased our sales estimates for 2008/2009 accordingly (+18% and +15%, respectively). Contributions from its thin film activities are not yet included in our estimates. Our expected EBIT margin for 2008 and 2009 is in line with the company's guidance (6-7%).

NEW FAIR VALUE OF €17 – UPGRADE TO BUY

Our new sales estimates for 2008 and 2009 leads to a new fair value of €17. Based on the current share price, the stock offers an upside of some 17%. The successful launch of its thin film panels in the course of 2008 could be additional trigger for the stock. We upgrade the stock to buy.

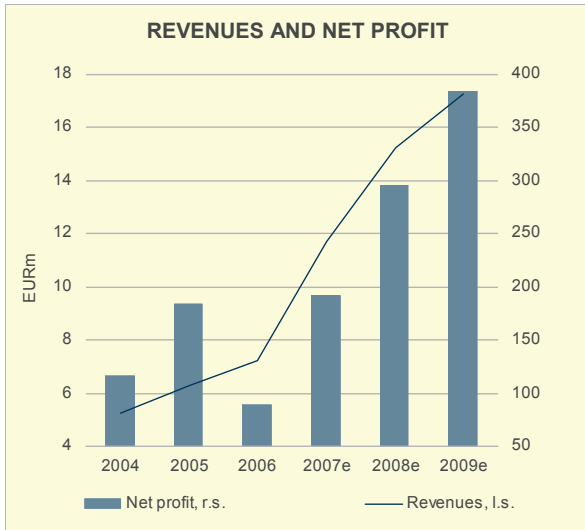
KEY CHANGES

Gregor Kirstein, Dipl.-Kfm.
+49 (0) 69/71 34 - 56 23
gregor.kirstein@oppenheim.de

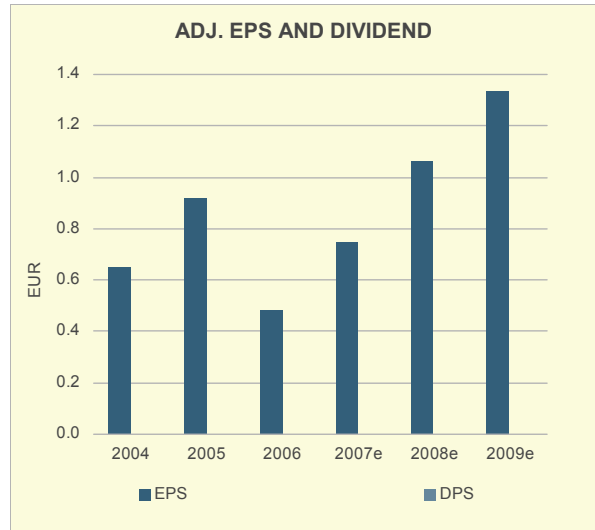
Hartmut Moers, CEFA
+49 (0) 69/71 34 - 56 44
hartmut.moers@oppenheim.de

KEY DATA

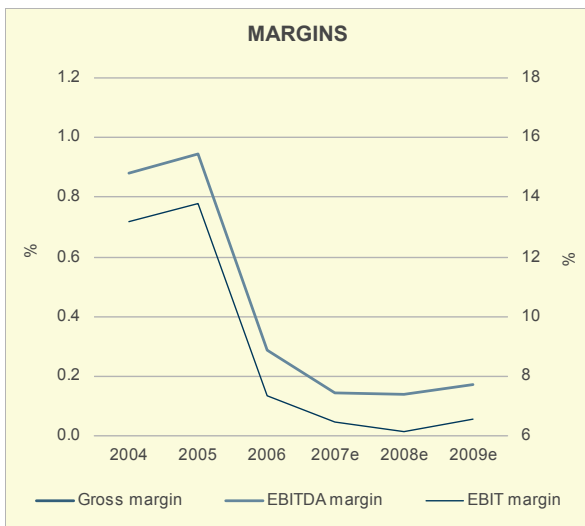
€ (Yr. end: 12/31)	2005	2006	2007e	2008e	2009e
Sales m	106.90	130.35	242.10	331.03	382.26
EBIT m	14.74	9.56	15.70	20.26	25.00
Net profit m	9.34	5.55	9.68	13.83	17.38
Oper. CF m	5.46	-16.83	-2.12	7.74	17.03
Adj. EPS	0.92	0.48	0.74	1.06	1.33
Dividend	0.00	0.00	0.00	0.00	0.00
PER		18.4	17.2	13.5	10.7
Div. yield %		0.0	0.0	0.0	0.0
EV/EBITDA		8.0	9.5	8.3	6.4
Price to book		1.9	2.6	2.4	2.0
EBIT margin %	13.8	7.3	6.5	6.1	6.5
ROCE %	43.7	17.5	17.5	16.2	18.6
Sust. FCF yield %		-18.1	-1.2	3.8	9.1
EPS CAGR 06-09e: 40 %				ROE: 07e: 16 %	Eq. ratio 07e: 64 %



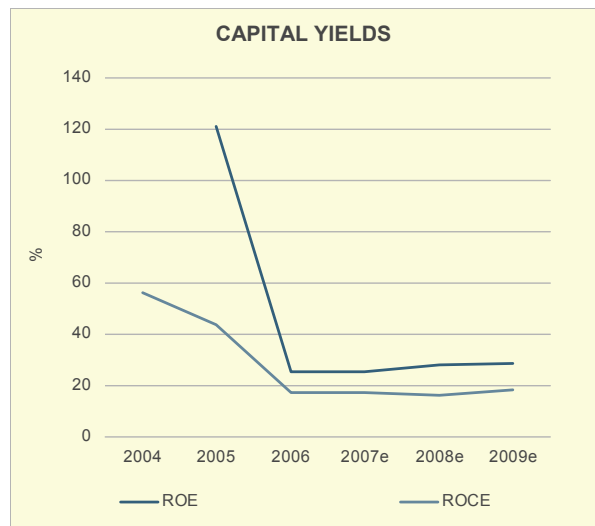
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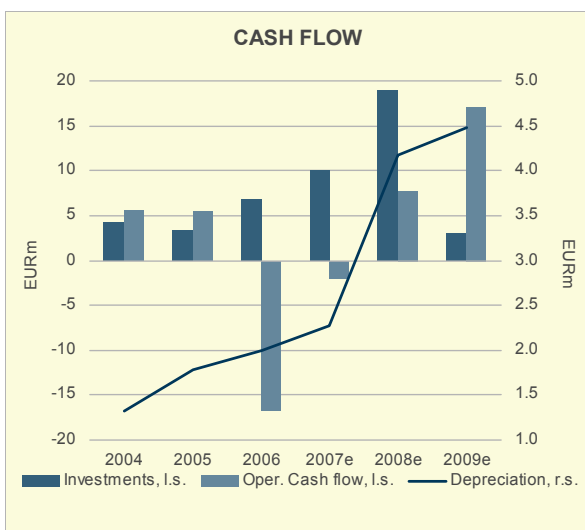
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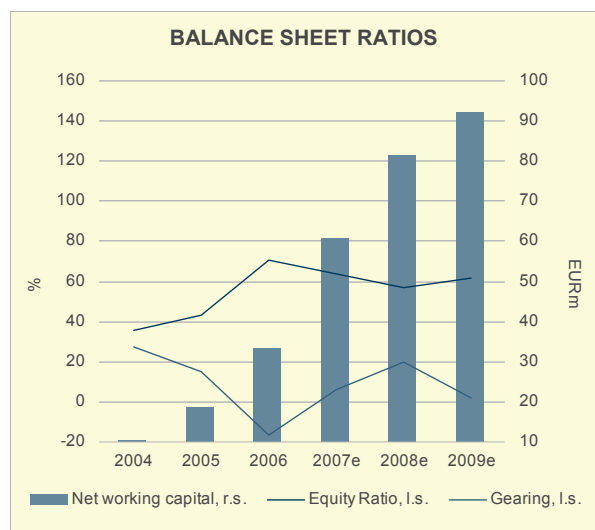
Source: Oppenheim Research



Source: Oppenheim Research



Source: Oppenheim Research



Source: Oppenheim Research

aleo solar - P&L (Total Costs)					
EURm (Yr. end: 12/31)	2005	2006	2007e	2008e	2009e
Sales	106.9	130.4	242.1	331.0	382.3
Invent. changes & intern. prod. Assets	0.2	7.8	0.0	0.0	0.0
Cost of material	-82.9	-113.7	-205.8	-281.4	-324.9
Personnel costs	-4.9	-7.1	-11.3	-12.0	-12.6
Other operating income/expenses (net)	-2.8	-5.8	-7.1	-13.2	-15.3
EBITDA	16.5	11.6	18.0	24.4	29.5
thereof: Depreciation	-1.8	-2.0	-2.3	-4.2	-4.5
EBIT	14.7	9.6	15.7	20.3	25.0
Interest result	0.3	0.8	1.3	1.7	1.6
EBT	14.5	8.9	14.9	19.8	24.8
Taxes	-5.2	-3.4	-5.2	-5.9	-7.4
Profit / loss for the year (cont. operations)	9.3	5.6	9.7	13.8	17.4
Net profit	9.3	5.6	9.7	13.8	17.4
+ /- Net profit adjustments	0.0	-1.1	0.0	0.0	0.0
Adjusted net profit	9.3	5.6	9.7	13.8	17.4
Key ratios and numbers					
EURm (Yr. end: 12/31)	2005	2006	2007e	2008e	2009e
Valuation					
PER		18.4	17.2	13.5	10.7
P/BV		1.9	2.6	2.4	2.0
Dividend yield %		0.0	0.0	0.0	0.0
EV/Sales		0.7	0.7	0.6	0.5
EV/EBITDA		8.0	9.5	8.3	6.4
Sustainable FCF yield %		-18.1	-1.2	3.8	9.1
Data per share					
Weighted avg. number of shares	10.18	11.51	13.03	13.03	13.03
EPS (reported)	0.92	0.48	0.74	1.06	1.33
adj. EPS	0.92	0.48	0.74	1.06	1.33
Book value per share	1.54	4.70	4.90	5.96	7.29
Sustainable FCFPS	0.5	-1.5	-0.2	0.6	1.3
Growth rates %					
Sales	32.3	21.9	85.7	36.7	15.5
EBITDA	38.1	-30.0	55.5	35.9	20.6
EBIT	38.5	-35.2	64.3	29.0	23.4
Net profit	40.8	-40.5	74.5	42.8	25.6
adj. EPS	40.8	-47.4	54.1	42.8	25.6
Margins %					
Gross	22.6	18.8	15.0	15.0	15.0
EBITDA	15.4	8.9	7.4	7.4	7.7
EBIT	13.8	7.3	6.5	6.1	6.5
Net profit	8.7	4.3	4.0	4.2	4.5
Expense ratios %					
Personnel cost to sales	4.6	5.4	4.7	3.6	3.3
Cost of material to sales	77.5	87.2	85.0	85.0	85.0
Depreciation to sales (Total Cost)	1.7	1.5	0.9	1.3	1.2
Tax rate	35.7	37.7	35.0	30.0	30.0
Other ratios					
Interest cover	-68.5	-15.7	-17.3	-22.1	-34.0

aleo solar - Cash Flow Statement					
EURm (Yr. end: 12/31)	2005	2006	2007e	2008e	2009e
Cash flow from operating activities					
EBIT	14.7	9.6	15.7	20.3	25.0
Depreciation / amortization	1.8	2.0	2.3	4.2	4.5
Change in other provisions	-0.1	-0.1	0.5	0.4	0.2
Non Cash Items	-0.9	-0.9	0.0	0.0	0.0
Cash taxes	-1.3	-7.8	-2.2	-4.4	-6.6
Change in other assets & liabilities	0.0	-0.0	0.0	0.0	0.0
Change in Working Capital	-8.7	-19.5	-18.4	-12.7	-6.1
Total	5.5	-16.8	-2.1	7.7	17.0
Cash flow from investing activities					
Investments in tangible assets	-6.4	-4.5	-10.0	-19.0	-3.0
Investments in intangible assets	-0.0	-0.1	0.0	0.0	0.0
Investments in financial assets	0.0	-3.6	0.0	0.0	0.0
Disinvestments	0.0	0.1	0.0	0.0	0.0
Changes in other L.T. assets / acquisitions	3.0	1.2	0.0	0.0	0.0
Total	-3.4	-6.8	-10.0	-19.0	-3.0
Cash flow from financing activities					
Net financial result / income from associates	-0.2	-0.6	-0.8	-0.5	-0.2
Change in financial liabilities	-0.1	-0.5	2.0	14.0	-4.0
Change in shareholders Equity	0.0	35.9	0.0	0.0	0.0
Other/consolidation/currency	-2.0	-4.0	0.0	0.0	0.0
Total	-2.3	30.8	1.2	13.5	-4.2
Change in cash and cash equivalents	-0.2	7.2	-10.9	2.2	9.9
Cash and cash equivalents (begin. of period)	0.8	0.6	8.0	-2.9	-0.7
Cash and cash equivalents (end of period)	0.6	8.0	-2.9	-0.7	9.2
Ratios and Key Figures					
EURm (Yr. end: 12/31)	2005	2006	2007e	2008e	2009e
Free cash flow EURm					
Free cash flow to entity	0.1	-27.6	-12.1	-11.3	14.0
Sustainable free cash flow to entity	5.5	-16.8	-2.1	7.7	17.0
Sustainable free cash flow to shareholder	5.2	-17.5	-2.9	7.2	16.9
Data per share					
FCFPS	0.0	-2.4	-0.9	-0.9	1.1
Sustainable FCFPS	0.5	-1.5	-0.2	0.6	1.3
Yields %					
Free cash flow yield		-30.4	-7.6	-5.8	7.4
Sustainable FCF yield %		-18.1	-1.2	3.8	9.1
Ratios					
Operating cash flow / capex	85.9	-371.9	-21.2	40.8	567.6
Operating cash flow / avg. net financial pos.	0.2	0.1	0.6	0.6	0.3
Depreciation / capex %	27.7	42.4	22.7	22.0	149.1
Net working capital / sales	17.3	25.6	25.1	24.6	24.1

aleo solar - Balance sheet					
EURm (Yr. end: 12/31)	2005	2006	2007e	2008e	2009e
Assets					
Current assets	20.9	55.3	70.6	92.2	111.7
Cash and cash equivalents	0.6	8.0	-2.9	-0.7	9.2
Trade receivable	4.1	10.1	18.4	24.7	27.9
Inventories	14.4	23.3	42.4	56.8	64.3
Other current assets	1.8	13.8	12.7	11.4	10.2
Fixed assets	15.3	21.3	29.0	43.8	42.4
Tangible assets	15.2	17.6	25.4	40.2	38.7
Intangible assets	0.1	0.1	0.1	0.1	0.1
Financial assets	0.0	3.6	3.6	3.6	3.6
Prepaid expenses , deferred taxes	0.0	0.0	0.0	0.0	0.0
Total assets	36.2	76.5	99.6	136.1	154.0
Liabilities and Shareholders' Equity					
Total liabilities	3.2	2.9	5.2	19.5	15.7
Long-term liabilities	3.2	2.9	5.2	19.5	15.7
Long-term financial debt	3.0	2.5	4.5	18.5	14.5
Deferred income & deferred tax liabilities	0.3	0.4	0.8	1.0	1.2
Shareholders' equity	15.7	54.1	63.8	77.6	95.0
Total equityy , liabilities	36.2	76.5	99.6	136.1	154.0
Ratios and Key Figures					
EURm (Yr. end: 12/31)	2005	2006	2007e	2008e	2009e
Balance sheet structure					
Net working capital	18.5	33.4	60.8	81.5	92.3
Net financial debt	2.3	-9.1	3.8	15.6	1.7
Capital employed (CE)	33.7	54.7	89.8	125.4	134.6
Enterprise value (EV)		92.9	170.4	201.9	188.1
Ratios					
Current assets %	57.8	72.2	70.9	67.8	72.5
Long-term assets %	42.2	27.8	29.1	32.2	27.5
Equity ratio %	43.3	70.7	64.1	57.0	61.7
Gearing %	14.8	-16.8	6.0	20.1	1.8
Net financial debt / EBITDA	0.1	-0.8	0.2	0.6	0.1
EV / CE		1.7	1.9	1.6	1.4
ROCE %	43.7	17.5	17.5	16.2	18.6
ROE %	77.7	15.9	16.4	19.6	20.1

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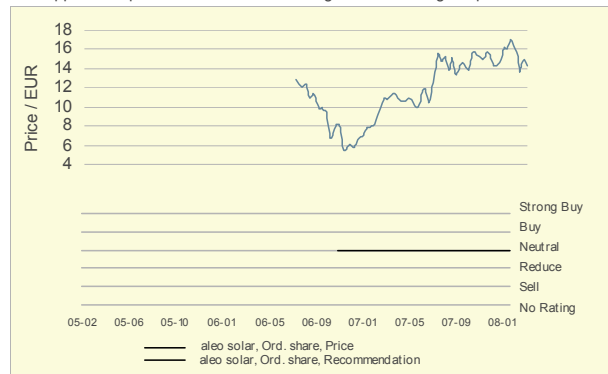
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Buy	172	45.5	32	57
Neutral	131	34.7	14	25
Reduce	17	4.5	0	0
Sell	1	0.3	1	2
No rating	33	8.7	3	5

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Sal. Oppenheim jr. & Cie. Securities Inc.

250 Park Avenue, Suite 911
New York, NY 10017
Tel: +1 212 888 52 46
Fax: +1 212 888 0916

E-MAIL: jhagenbuch@sal-oppenheim.com

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<p>ANALYSTS</p>	<p>SAL. OPPENHEIM JR. & CIE. KGAA</p>	<p>OPPENHEIM RESEARCH GMBH</p>	<p>BANK SAL. OPPENHEIM JR. & CIE. (SCHWEIZ) AG</p>
<p>Gregor Kirstein, Dipl.-Kfm. Tel. +49 (0) 69/71 34 - 56 23 gregor.kirstein@oppenheim.de Oppenheim Research GmbH, Frankfurt</p> <p>Hartmut Moers, CEFA Tel. +49 (0) 69/71 34 - 56 44 hartmut.moers@oppenheim.de Oppenheim Research GmbH, Frankfurt</p>	<p>Unter Sachsenhausen 4 50667 Köln Telephone +49 (2 21) 1 45 – 01</p> <p>Untermainanlage 1 60329 Frankfurt am Main Telephone +49 (69) 71 34 – 0</p> <p>Odeonsplatz 12 80539 München Telephone +49 (89) 29 00 74 – 0</p> <p>www.oppenheim.de info@oppenheim.de</p>	<p>Unter Sachsenhausen 4 50667 Köln Telephone +49 (2 21) 1 45 – 02</p> <p>Untermainanlage 1 60329 Frankfurt am Main Telephone +49 (69) 71 34 – 0</p> <p>www.oppenheim- research.de research@oppenheim.de</p>	<p>Uraniastrasse 28 CH-8022 Zürich Telephone + 41 (44) 2 14 22 14</p> <p>SAL. OPPENHEIM JR. & CIE. KGAA, PARIS</p> <p>13, rue Royale, 75008 Paris, France Telephone + 33 (1) 44 94 64 - 00</p> <p>SAL. OPPENHEIM JR. & CIE. SECURITIES INC</p> <p>250 Park Avenue, Suite 911, New York, NY 10017 Telephone + 1 (2 12) 8 88 52 46</p>
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<p>Publishing Team Eleonora Ivancevic (DTP)</p> <p>Press contact: Tel. +49 221 145-1955 presse@oppenheim.de</p>	<p>Baden-Baden, Berlin, Dublin, Duesseldorf, Geneva, Hamburg, Luxembourg, Salzburg, Stuttgart, Wiesbaden</p>		<p>Palais Equitable Stock im Eisen-Platz 3 1010 Vienna Telephone + 43 (1) 518 66 0</p>